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**THE EFFECT OF JOB DESIGN AND ORGANIZATIONAL COMMITMENT ON
EMPLOYEE RETENTION IN A LIGHTING COMPANY**

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Abstract.

The objective of this research is to study the effect of the job design and organizational commitment to employee's retention in a lighting company, which faced a high employee turnover in the last 5 years. Quantitative approach used in this research with survey method. The samples of this research were 204 employees selected randomly. The data were obtained by distributing questionnaire and analyzed by using path analysis. The result of the research can be conclude that: 1) the job design and organizational commitment had a positive direct effect on employee's retention; 2) job design had a positive direct effect on organizational commitment. Therefore to improve employee's retention, job design and organizational commitment should be improved. Company did not see job design as important factor, which resulted above 10% employee turnover every year. Knowledge about how to create a good job design is still limited both on practical and literature due to this common mistake understanding. This aspect open for further study.

Keywords: *lighting company, quantitative approach, high employee turnover, limited knowledge of job design*

Introduction

Since the switching technology of incandescent and fluorescent to LED in lighting industry, lamp industry has become an open market with almost no entry barrier. To win the fierce competition, a lamp manufacturer needs to have a solid competitive advantage toward other similar companies. Competitive advantage can be seen from several aspects such as capital, management, product quality, and distribution network. Competitive advantage to maintain product quality or distribution network which will lead to customer loyalty depend on the capability of its human resources management. Competency in Human Resources Management will lead to maximum utilization of their other resources to achieve company profitability. To achieve company target, it is essential to put more attention to its human resources, it is its people which make a company different with other companies. Especially in the industry, in which hundreds of similar players are playing with the same technology. Only the people can make a lighting company can win the competition to its competitor.

Employee retention is one of main focus in current organization [1]. Employee retention is defined as a percentage of employee stay within organization [2]. Furthermore, employee retention is seen as a strategy for an organization to keep its competitive human resources [3]. Main objective of employee retention is to avoid losing competent employee which will lead to company productivity [4].

In order to retain its employee, there are several factors which can be measured. Two of those factors which may affect employee retention are job design and organizational commitment. These 2 factors are chosen based on the summary of employee exit interview that showed 'boring with the job', 'no clear job description' and 'no open communication' as majority of answers when being asked why he/she decided to leave the company.

A higher employee retention will give advantages to the company such as a higher productivity, maximum profitability and others cost reduction. High employee retention in an organization can be resulted from the opportunities given to the employee to develop their

professionalism, which will lead to a higher and long-term loyalty toward the company [5]. It is expected that a better job design and a more organizational commitment will lead to a higher employee retention.

This research will lead to have a better understanding as the title “⁶The Effect of Job Design and Organizational Commitment on Employee Retention”

Based on the introduction, problem identification for this research are: 1) If there is an effect of job design on employee retention. 2) If there is an effect of organizational commitment on employee retention. 3) ¹If there is a direct effect of job design on organization commitment.

Research Methodology

¹This research uses quantitative approach, research methodology is survey with causal approach. Survey result is analysed using statistic multivariate with path analysis. Research population is 383 employees of a lighting manufacturing and distribution company. Sample of respondent based of Slovin formula is 204 employees. Analysis unit in this research are the employee.

¹Data collection in this research is done by distributing questionnaires which is designed in the form of Likert scale. In this scale questions are equipped with five alternatives answer with its weight ¹for each alternative. For Linkert scale, details are as follow: Always = 5, Often = 4, Sometimes = 3, Seldom = 2 and Never = 1.

This research use 3 instruments to measure employee retention, job design and organizational commitment. Instrument has conducted a trial to 30 respondents, to gain valid and reliable instrument points. Before doing path analysis several test conditions have to be fulfilled which is: ¹data normality test, linearity test and regression significant test.

Research Result

Research variable **description** which consist of job design, organizational commitment, and employee retention, is prepared in a statistic description **which include minimum score, maximum score, range, mean, modus, median, standard deviation, and variants.**

Analysis requirement test which is used in the research including **normality test, linearity test, and regression significant test.** Normality test in this research use Galat **data estimation.** By using Lifefors test, so data is normal if $L_{count} < L_{table}$, and data is not normal if $L_{count} > L_{table}$. Summary of normality test calculation result for each Galat estimation is as follow:

Table 1
Summary of Galat Estimation Normality Test
With Liliefors Test (L_0)

Galat Estimation Regression	L_{Count}	$L_{table} \alpha = 0.05$	
Y to X_1	0.037	0.062	Normal
Y to X_2	0.049	0.062	Normal
X_2 to X_1	0.03	0.062	Normal

Note: $L_{table} = \alpha = 0.05 = 0.886 / \sqrt{n}$

Meanwhile, for regression significant test using Variant Analysis (ANAVA), if $F_{count} > F_{table}$ with error level (α) 0,05, then regression equity is significant and with error level (α) 0,01, then equity is very significant. The result of regression significant test for job design, organizational commitment and employee retention is shown in table 2 as follow:

Table 2

Summary of Regression Linearity Test Result

Variable	Equity	Linearity Test			
		F _{count}	F _{table}		
			$\alpha = 0.05$	$\alpha = 0.01$	
Y to X ₁	$\hat{Y} = 26.775 + 0.495X_1$	126.851 1.211	3.89 1.39	6.76 1.59	Significant and Linear
Y to X ₂	$\hat{Y} = 68.603 + 0.450 X_2$	143.537 0.992	3.89 1.4	6.76 1.61	Significant and Linear
X ₂ to X ₁	$X_2 = 56.407 + 0.522X_1$	90.937 1.187	3.9 1.39	6.8 1.59	Significant and Linear

Hypothesis Testing

To test hypothesis research, structural equation is divided into:

Substructural Equation 1: Result of coefficient path calculation, there is a direct effect of job design and organizational commitment to employee retention.

$$Y = P_{y1}X_1 + P_{y2}X_2 \quad (1)$$

$$Y = 0,202X_1 + 0,565X_2 \quad (2)$$

Substructural Equation 2: Result of coefficient path calculation, there is a direct effect of job design to organization commitment.

$$X_2 = P_{21} X_1 \quad (3)$$

$$X_2 = 0,402X_1 \quad (4)$$

Path coefficient and value t_{count} can be seen from below path diagram:

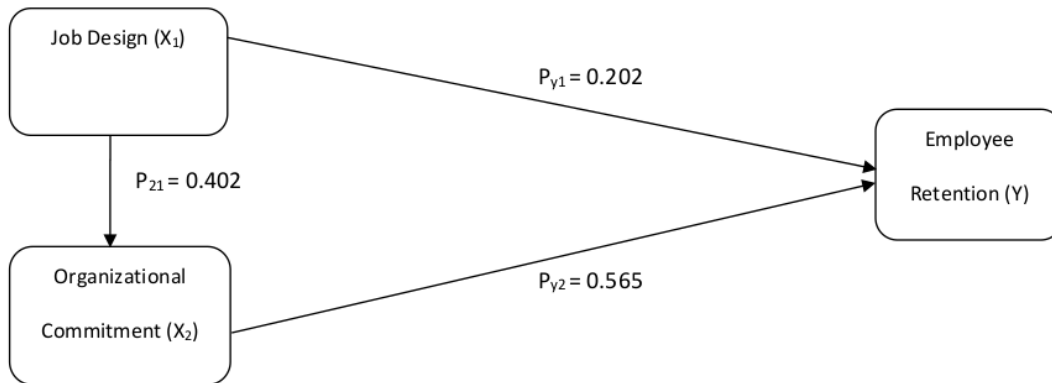


Fig. 1

Path coefficient and t_{count} Job design, and Organizational commitment to Employee retention at lighting company

This result show that tested theoretic model has represented or inline with equation structure which is based from emperic data. Result gained from research is inline with existing theory.

Result

Based on hypothesis test result, ⁶ job design has direct positive and significant effect on employee retention. This finding gives an empiric proof that a better employee job design will give a higher employee retention. This finding is in accordance with research finding done by Hlanganipai and Mazanai [6] with their research about effect of job design to employee retention in manufacturing,

trading, and banking industry in South Africa. Their research concludes that there is a significant relation between 10 job design variable that they identified to employee retention variable. Strong relationship is found in job enrichment, job design, and job enlargement.

Second hypothesis test show ² that organizational commitment has positive and significant effect on employee retention. This finding shows that empirically a high organizational commitment from employee will increase employee retention. This fact shows how important organizational commitment to increase employee retention. Employee retention and organizational commitment is a strategy which is developed by the company. Loyal employee tends to give a higher business performance in the sense of incremental sales, productivity, profitability, and higher employee retention [7,8]. Commitment strategy form employee behaviour and attitude which is needed to build psychological relationship between organization and employee objective. So, the focus should be to develop committed employee who can be trusted to use their wisdom to do their assignment consistently with organization objective [9].

Third hypothesis test prove that job design has ¹⁵ positive and significant effect on organizational commitment. This finding show that empirically good job design will increase organizational commitment. This fact helps to explain how important job design in the effort of increasing organizational commitment. Research result done by Deepak Bangwal, Prakash Tiwari, and Pankaj Chamola [10], ¹⁶ show that there is a significant relationship between job design and organization commitment. The finding shows employee acknowledgment on the design feature of their working space in the green building. These features play important role in their organizational commitment.

Conclusion

Research result strengthening the theory that: 1) Job Design has direct positive effect on employee retention. 2) Organizational ¹⁷commitment has direct positive effect on employee retention. 3) Job Design has direct positive effect on organizational commitment.

Recommendation

Based on the research result, it is important for the company to put a bigger focus on their Job Design and Organizational Commitment

1. Company tends to keep employee to do the same thing, as company think it is the best way to keep high productivity. Meanwhile, employee, especially good talent, need a bigger challenge after performing their jobs for some times. Company has to start implementing job enlargement and/or job rotation for the right employee. Training has to be properly budgeted to ensure the transition for the employee in his/her new position is smooth. A better job design with clear task and responsibility will lead to higher employee retention for the company
2. The company has to start to reduce layers, so that more employee can talk directly to the directors (which are also owners). Directors has started to make conference call to all employee, including all 17 branches. These changes are expected to make employee feel they are part of a bigger organization and not trapped into micro management. Open communication will lead a higher organizational commitment towards the company that will resulted a lower employee turnover.
3. A good job description is not only about accountability and responsibility, but also autonomy. Directors must ready to extent decision making process to some employee. By giving autonomy to decide and run their business, employees are expected to really feel part of the organization and this feeling will surely increase their organizational commitment.

For further research with other discipline, it will be useful for any organizations if they can easily monitor their employee retention factors, so that any decisions that the organization made, can be calculated not only from profitability but also whether it increased its employee retention.

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